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T H E H O G S I T U A T I O N

Summary

Little change has occurred during the past 2 months in the hog outlook, the Bureau of Agricultural Economics reports. Market supplies of hogs in the coming marketing year, which begins October 1, will be materially larger than in the present season. It is expected, however, that consumer demand for hog products in 1938-39 will average stronger than in 1937-38. Consumer demand may be weaker than a year earlier in the early months of the new marketing season, but probably will improve as the year progresses. Storage demand for hog products in the coming fall and winter also may be better than a year earlier. A fairly large seasonal increase in hog marketings is expected during the next 3 or 4 months.

After declining fairly sharply in early August, hog prices were steady during the remainder of that month and then rose moderately in early September. For the week ended September 10, the average price of butcher hogs at Chicago was nearly \$9 compared with \$8.55 in mid-August and \$9.65 in mid-July. The drop in prices in early August was partly the result of the contra-seasonal increase in hog marketings from July to August.

Inspected hog slaughter in August was about 9 percent larger than in July and about 55 percent larger than a year earlier. This was only the second time in the past 30 years that August slaughter exceeded that of July. The larger slaughter in August than in July apparently was chiefly the result of the unusually large movement of spring pigs in the last month. In most years the market movement of spring pigs does not become large until late September or early October.

REVIEW OF RECENT DEVELOPMENTS

BACKGROUND.- Hog prices dropped sharply in the first quarter of the present marketing year, which began last October, as a result of a large seasonal increase in hog marketings and marked weakness in consumer demand. Since January the weekly average price of hogs at Chicago has fluctuated between \$7.60 and \$9.50. From late January to early March prices advanced somewhat and then trended downward until late May. From late May to mid-July prices again advanced, but declined fairly sharply in late July and early August. The number of hogs marketed in the current marketing year, which ends September 30, probably will be about the same as a year earlier, but average weights have been considerably heavier this year. Hog prices have been considerably lower than a year earlier in most months of the present marketing year, largely because consumer demand for hog products has been much weaker than in 1936-37.

Hog prices strengthen in early September

After declining fairly sharply in early August, prices of hogs were steady during the remainder of that month and then rose moderately in early September. In mid-July the weekly average price of butcher hogs at Chicago was about \$9.65, but by mid-August it was about \$8.55. For the week ended September 10, however, it had advanced to about \$3.85. The weakness in hog prices in the first half of August was due partly to the contra-seasonal increase in hog marketings and to the fact that demand for pork apparently was restricted by unusually high temperatures in many parts of the country.

August hog marketings much larger than a year earlier and larger than in July

Inspected hog slaughter in August totaling 2,467,000 head, was 9 percent larger than in July and about 55 percent larger than in August last year. Only one other time (1932) in the past 30 years has slaughter in August exceeded that of July. The increase in hog marketings from July through August this year probably was due chiefly to the larger than usual movement of spring pigs in August this year. As a reflection of this early movement of spring pigs average weights of hogs were reduced somewhat at the leading markets during August. Thus far this summer, however, average weights of hogs have been heavier than for several years, reflecting the high hog-corn price ratio and the abundant supplies of feed.

Prices of fresh pork and lard weaken in early August

After advancing in most of July, wholesale prices of fresh pork declined in the first half of August. In late August and early September fresh pork prices again advanced. Wholesale prices of cured pork were steady to higher during August, but lard prices weakened somewhat during the month. Prices of fresh pork and lard in late August were somewhat lower than in late July, just as in the case of hog prices. Prices of cured pork in late August, however, were somewhat higher than in late July.

Pork and lard stocks reduced in August

Stocks of both pork and lard decreased seasonally from August 1 to September 1. Stocks of pork at the beginning of September, totaling 334 million pounds, were the second smallest for that time of year on record. They were 33 million pounds smaller than on September 1 last year and only 9 million pounds larger than record small stocks reported on September 1, 1935. Storage holdings of lard on September 1 totaled about 117 million pounds, which was slightly smaller than a year earlier.

Storage holdings of pork and lard on the first of the
month, specified months

Month	: 5-year average :		1936-37		1937-38	
	: 1929-30 to 1933-34 :					
	: Pork	: Lard	: Pork	: Lard	: Pork	: Lard
	: Mil.lb.	: Mil.lb.	: Mil.lb.	: Mil.lb.	: Mil.lb.	: Mil.lb.
Oct.	530	109	362	102	283	73
Jan.	565	72	667	146	399	54
Apr.	731	105	756	217	544	121
Aug.	692	153	467	157	379	124
Sept.	605	135	368	118	1/334	1/117

1/ Preliminary.

Pork exports increase in July; lard exports reduced

Exports of pork in July of about 9.3 million pounds were nearly 1 million pounds larger than in June and about 4 million pounds larger than in the corresponding month last year. Most of the increase in July as compared with a year earlier was in shipments of cured pork. Lard exports in July totaling 12.9 million pounds were more than 4 million pounds less than in June, but they were about 5 million pounds larger than in July last year. Imports of pork in June totaled 4.7 million pounds, slightly less than in June and nearly 3 million pounds less than in July 1937.

OUTLOOK

The prospects for supplies of, and demand for, hogs in the coming marketing year have not changed much in the past 2 months. Consequently, the following statement is mostly a brief summary of the material given on the Outlook in the July and August issues of the Hog Situation.

(1) Larger marketings expected in 1938-39

Supplies of hogs for market in the new marketing year, beginning October 1, 1938, will be materially larger than in 1937-38 in view of the 13 percent larger spring pig crop in 1938 than in 1937 and the prospects for a considerable increase in the 1938 fall pig crop.

(2) Consumer demand in 1938-39 expected to be stronger than in 1937-38

It is probable that consumer demand for meats for the year 1938-39 will average stronger than in 1937-38, but in the early months of 1938-39 it may be weaker than a year earlier and then improve as the year progresses. Storage and export demand for hog products next winter may be better than a year earlier.

(3) Seasonal changes in hog marketings in 1938-39

A fairly large seasonal increase in hog marketings is expected during the next 3 or 4 months. The percentage increase in slaughter supplies from August through December, however, may be less than that of a year earlier. In the fall and early winter of 1938-39 there was a marked weakness in both consumer and storage demand for hog products, but it is expected that consumer demand in the next few months will improve somewhat from present levels.

In most years when feed supplies have been abundant and the hog-corn price ratio high, market supplies of hogs in the first quarter (October-December) of the marketing year have represented a relatively small proportion of the yearly total. The present year, 1937-38, was an important exception. There are indications, however, that 1938-39 will not be similar in this respect to 1937-38. It may well be that hog marketings in the second quarter of next year (January-March) will be larger than in the first quarter (October-December). Such a development probably would cause the seasonal decrease in hog marketings in the late winter and early spring of 1939 to be less than usual.

(4) Further increase in hog production in 1939 expected

The rather marked upswing in hog production this year reflects the present low level of production in many areas as well as the abundant feed supplies and the fact that hog prices in the past year have been high in relation to feed prices. Although feed crop prospects and other conditions still indicate that there will be a further large increase in hog production in 1939, the increase in production in the Corn Belt area west of the Missouri River may be limited by the short corn crop in that area this year.

Total supplies of feed grains (including production and carry-over) in the 1938-39 feeding season will be slightly larger than in 1937-38, but they will not be so large as seemed probable earlier in the summer. Corn crop prospects deteriorated greatly in Nebraska, South Dakota and Kansas during August as a result of drought and grasshopper damage. In all three of these States the indicated corn production for 1938, on the basis of September 1 conditions, was much less than average. Corn production in these States has been severely curtailed by drought in other recent years, and hog production is at a very low level. The short corn crop this year in the area mentioned above may tend to limit the increase in the number of pigs raised in 1939 in this area. In most other regions corn production this year is nearly as large as last year and feed supplies will be abundant. The hog-corn price ratio also is expected to continue favorable for hog production. Consequently, for the country as a whole it is expected that the number of pigs raised in 1939 will be considerably larger than in 1938.

Prices of hogs and hog products, specified periods

						Oct.-Sept.	Oct.-Aug.		
						Average:			
Item	Unit	Aug. 1937	July 1938	Aug. 1938	Aug. 1928-29 to 1932-33	1935-36	1936-37	1936-37	1937-38
:Dollars:									
Average price:	:per 100:								
Seven markets	:pounds	:11.53	8.56	7.80	<u>1/</u> 6.99	9.64	10.28	10.20	8.33
Chicago	:do.	:11.77	8.60	7.76	6.99	9.90	10.49	10.41	8.48
: - :									
U. S. average price	:	:	:	:	:	:	:	:	:
received by farmers...	:do.	:11.46	8.56	7.81	6.48	9.15	9.66	9.57	8.07
: :									
Prices of hog products,	:	:	:	:	:	:	:	:	:
Chicago:	:	:	:	:	:	:	:	:	:
Loins, 8-10 lb.	:do.	:29.00	23.40	21.04	17.07	21.21	22.29	21.90	19.45
Hams, smoked, reg. No. 1:	:	:	:	:	:	:	:	:	:
10-12 lb.	:do.	:28.00	23.62	23.15	20.31	26.58	24.65	24.37	23.54
Bacon, smoked No. 1	:	:	:	:	:	:	:	:	:
dry cured, 6-8 lb. :	:do.	:32.62	26.25	25.40	23.71	30.86	28.58	28.09	27.15
Lard, refined,	:	:	:	:	:	:	:	:	:
H. W. tubs	:do.	:13.00	9.68	8.97	9.68	12.65	13.13	13.14	9.99
: :									
Average price of No. 3	: Cents :	:	:	:	:	:	:	:	:
Yellow corn, Chicago...	:per lb.:	104	59	54	62	74	115	116	58
: :									
Hog-corn price ratio: <u>2/</u> :	:	:	:	:	:	:	:	:	:
Chicago	:Bushel	:11.3	14.7	14.5	11.6	14.1	9.2	9.1	14.7
North Central States...	:do.	:11.9	18.0	18.1	12.9	15.8	9.5	9.2	17.5
: :									
Proportion of packing	:	:	:	:	:	:	:	:	:
sows in total packer	:	:	:	:	:	:	:	:	:
and shipper purchases,	:	:	:	:	:	:	:	:	:
seven markets <u>3/</u>	:Percent:	36.0	33.0	33.0	<u>1/</u>	16.0	15.0	14.0	12.0
: :									
Average weight at	:	:	:	:	:	:	:	:	:
seven markets	:Pound	: 256	272	264	<u>1/</u>	241	231	230	246
: :									
: :									

1/ Not available.2/ Number of bushels of corn equivalent in value to 100 pounds of live hogs.3/ Monthly figures computed from weekly averages.

Supplies of hogs and hog products, specified periods

Item	Unit	Oct. - Sept.					Oct.- July		
		Average:							
		July	June	July	1928-29:1935-	1936-	1936-	1937-	
		:1937	:1938	:1938	: to : 36	: 37	: 37	: 38	
					:1932-33:				
Hog slaughter	:	:	:	:	:	:	:	:	:
under Federal	:	:	:	:	:	:	:	:	:
inspection:	:	:	:	:	:	:	:	:	:
Number	: Thou-	:	:	:	:	:	:	:	:
slaughtered <u>1/</u>	: sands	:1,642	2,533	2,254	46,363	31,022	34,142	30,520	29,442
Live weight:	:	:	:	:	:	:	:	:	:
Average	: Pound	: 246	251	260	231	232	221	219	234
Total	: Mil.lb.	: 403	636	585	10,723	7,191	7,538	6,687	6,876
Dressed weight:	:	:	:	:	:	:	:	:	:
Average	: Pound	: 181	139	195	175	175	164	163	175
Total	: Mil.lb.	: 297	477	437	8,069	5,402	5,586	4,971	5,155
Yield of lard	:	:	:	:	:	:	:	:	:
per 100 pounds:	:	:	:	:	:	:	:	:	:
live weight of:	:	:	:	:	:	:	:	:	:
hogs	: Pound	: 10.4	12.7	12.5	15.2	12.1	10.9	11.2	12.4
Production of	:	:	:	:	:	:	:	:	:
lard	: Mil.lb.	: 42	80	73	1,630	870	833	755	852
Apparent cons:	:	:	:	:	:	:	:	:	:
Pork, including:	:	:	:	:	:	:	:	:	:
lard <u>2/</u>	: do.	: 431	487	461	7,171	5,124	5,601	4,728	4,802
Lard	: do.	: 62	61	62	961	712	756	609	623
Exports: <u>3/</u>	:	:	:	:	:	:	:	:	:
Pork	: do.	: 5	8	9	211	69	59	51	76
Lard	: do.	: 8	17	13	657	101	107	90	178
Imports of pork <u>3/</u>	: do.	: 8	5	5	6	32	72	59	49
Proportion of sows	:	:	:	:	:	:	:	:	:
in inspected	:	:	:	:	:	:	:	:	:
slaughter <u>4/</u>	: Percent	: 61.0	55.8	60.4	51.2	51.9	51.1	50.4	49.1

1/ Bureau of Animal Industry.

2/ Represents apparent disappearance of federally inspected pork plus unrendered hog fats.

3/ United States Department of Commerce. Pork includes bacon, hams and shoulders, and fresh, canned, and pickled pork. Lard includes neutral lard.

4/ Includes gilts.

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